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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Interflug Faces West: East German Civil Air Service

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August 1971

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
August 1971

INTELLIGENCE MEMORANDUM

INTERFLUG FACES WEST: EAST GERMAN
CIVIL AIR SERVICE

Introduction

1. Interflug, East Germany's state-owned airline, operates 122 international flights and 75 domestic flights per week over a route network of 28,000 miles and is roughly comparable in size to Finnair. Interflug's antecedents date back to East Germany's formation of Deutsche Lufthansa in 1954, which was formalized by statute in 1956 and made its first international flight in the same year. Domestic service began more than a year later. Since West Germany had already registered the name Deutsche Lufthansa, the East German counterpart formed a new branch called Interflug in 1958 to handle its activities in the Free World, which at that time were limited to charter flights. In 1963, East Germany dropped the name Deutsche Lufthansa and put all of its service under the name Interflug.

2. During the 1960s, Interflug became an important part of the intra-Communist civil air network, but the political ramifications of a divided Germany limited Interflug's expansion into the Free World. Recently established civil air services between East Berlin and two West European countries, however, presage some expansion of Interflug's network to the West. This memorandum examines Interflug's domestic and international air service, the current status of East Germany's international civil air relationships, the potential of East Berlin as a major traffic hub, and the prospects for Interflug's further expansion.

Note: This memorandum was prepared by the Office of Economic Research and coordinated within the Directorate of Intelligence and with the Department of State.

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Discussion

Interflug's Unbalanced Network

3. Interflug's network stretches almost entirely to the east, principally to the Communist countries, with several offshoots to the south (see the map). This unbalanced development reflects lack of recognition of East Germany by most of the Free World powers, limited access to East Berlin, and a low volume of passenger traffic between Western Europe and East Germany.

4. Lack of recognition has prevented East Germany from entering into bilateral air agreements with some Free World countries. The absence of formal diplomatic relations, however, has not been an insuperable obstacle. Service to all but one of the 11 Free World countries now served by Interflug was inaugurated in the absence of full diplomatic relations. Other Free World countries, on the other hand, have simply refused to deal with East Germany or to allow their airlines to conclude agreements with Interflug for fear of antagonizing the Bonn government.

5. Limited access to East Berlin from Western Europe has been another stumbling block. The three air corridors from West Germany into Berlin are restricted to planes of the occupying powers and have therefore been used only by the carriers of the United States, the United Kingdom, and France for scheduled service into West Berlin. Other West European airlines would have to use other routes into the Berlin region. For some of them, including KLM and Sabena, an alternate North-South route is circuitous.

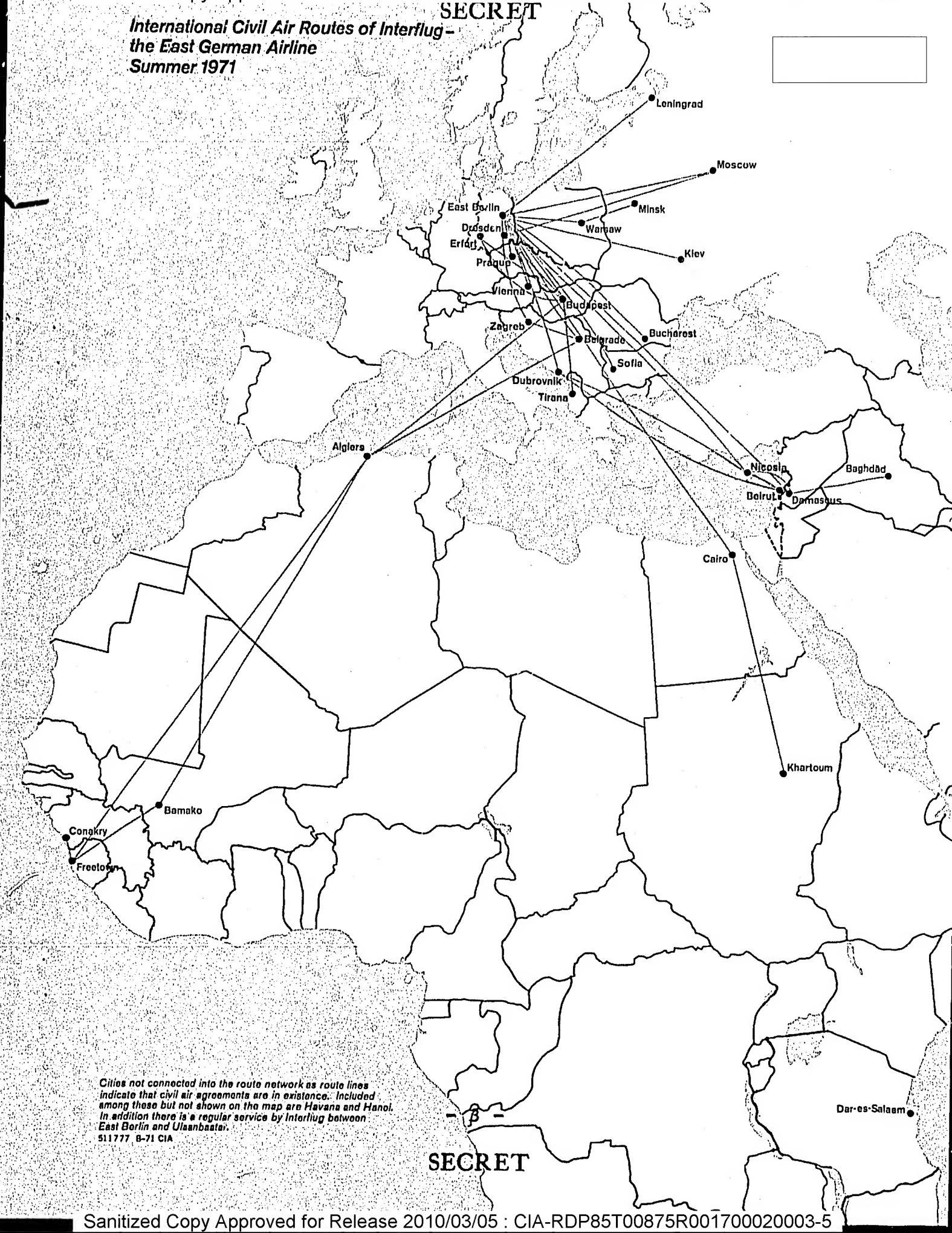
6. Probably the most important factor in Interflug's lack of routes to Western Europe has been lack of interest by the airlines of Western Europe in establishing reciprocal service to East Berlin because of the low traffic potential. In an attempt to expand traffic at East Berlin's Schoenefeld Airport, the Ulbricht government in 1963 opened the Waltersdorfer Chausee, a crossing between Schoenefeld and West Berlin, to allow access to and from West Berlin for air passengers arriving at or departing from Schoenefeld. In 1970, about 180,000 passengers used this crossing between Schoenefeld and West Berlin.

7. West Berlin airports -- Templehof and Tegel -- handle about four times as many passengers as East Berlin's Schoenefeld, and the airlines of the non-Allied West European powers have recently begun to look on Schoenefeld as a means of access to West Berlin. This has given East Germany new leverage in international civil air matters.

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**International Civil Air Routes of Interflug -
the East German Airline
Summer 1971**



Cities not connected into the route network as route lines
Indicate that civil air agreements are in existence. Included
among these but not shown on the map are Havana and Hanoi.
In addition there is a regular service by Interflug between
East Berlin and Ulaanbaatar.

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Interflug's International Service

8. The skies to the east of Berlin have been far more friendly than those to the west. Interflug's first international flight was to Warsaw in 1956, and this was followed by service to the capitals of other East European Communist countries and to Moscow. Currently, 105 of Interflug's 122 scheduled international flights per week go to Warsaw Pact countries (see Table 1). Budapest is served by 41 flights and the USSR by 34. There are 14 flights a week to Prague, but only 2 to Warsaw. Interflug provides one of the two Communist air services to Albania, flying once a week from East Berlin to Tirana via Budapest.

9. Interflug's least known service is to Mongolia - it is not listed in World aviation guides. When Interflug began service to Ulaanbaatar in 1970, it became the second airline, after Aeroflot, to connect Mongolia with a foreign country.

10. Interflug's first scheduled service beyond the Iron Curtain was to Belgrade in 1960. Service was inaugurated to Nicosia in 1964 and to Cairo in 1965. This was followed by flights to Bamako and Conakry via Algiers in 1966. Also in 1966 the flight to Nicosia was extended to Damascus, and in 1967 to Baghdad. Service to Beirut began in 1968. In 1969 the Cairo route was extended to Khartoum, and Freetown was added to the route beyond Conakry. Interflug's most recent and most heralded service is the flight to Vienna that began on 8 April 1971. Interflug, however, has operated some non-scheduled flights into Vienna since 1962.

11. This service to the Free World is rather minuscule; it adds up to 17 flights a week to 12 countries (see Table 2). All of these are weekly flights except to Vienna (six flights a week) and Belgrade (three flights a week).

12. East Germany's small size -- it is slightly smaller than Alabama -- has obviated the need for a large domestic air service. Currently, five cities -- East Berlin, Barth (Rostock-Stralsund), Erfurt, Dresden, and Leipzig -- are included in a domestic route network of about 900 miles that is served by a total of 75 scheduled flights per week (see Table 3). In addition, Interflug conducts special air services concerned with agriculture, photography, and public health.

International Arrangements

13. Government-to-government agreements form the underpinnings for most of Interflug's international service. Often these bilateral agreements

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Table 1

Interflug: Schedule of International Flights
to Communist Countries - Summer 1971 a/

<u>Route</u>	<u>Trip Number</u>	<u>Flights per week</u>	<u>Type of Aircraft</u>
Dresden-Moscow	1F300	7	IL-18
East Berlin-Leningrad	1F302	4	IL-18
East Berlin-Kiev	1F310	3	IL-18
East Berlin-Budapest	1F320	7	IL-18
Dresden-Budapest	1F322	6	IL-18
Erfurt-Budapest	1F330	1	IL-18
East Berlin-Warsaw-Minsk	1F340	Biweekly	AN-24
East Berlin-Moscow	1F600	7	IL-62
East Berlin-Moscow	1F602	7	IL-18
East Berlin-Moscow	1F604	6	IL-18
East Berlin-Prague	1F610	7	IL-18
East Berlin-Prague	1F612	7	IL-18
East Berlin-Budapest	1F620	7	IL-18
East Berlin-Budapest	1F622	7 b/	IL-18
East Berlin-Budapest	1F624	7	IL-18
East Berlin-Budapest	1F626	4	IL-18
East Berlin-Budapest-Tirana	1F630	1	IL-18
East Berlin-Sofia	1F640	7	IL-18
East Berlin-Sofia	1F642	2	IL-18
East Berlin-Sofia	1F644	1	IL-18
East Berlin-Sofia	1F646	1	IL-18
East Berlin-Bucharest	1F650	3	TU-134
East Berlin-Bucharest	1F652	1	TU-134
East Berlin-Warsaw	1F660	2	IL-18

a. An additional flight (1F580) is made to Ulaanbaatar but the frequency and type of aircraft are unknown.

b. One additional flight, 1F760, operate weekly to Budapest en route to Free World countries.

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SECRET**Table 2****Interflug: Schedule of International Flights
to the Free World - Summer 1971**

<u>Route</u>	<u>Trip Number</u>	<u>Flights per week</u>	<u>Type of Aircraft</u>
East Berlin-Zagreb-Belgrade	1F632	3	TU-134
East Berlin-(Dubrovnik) <u>a</u> -Beirut	1F730	1	IL-18
East Berlin-(Dubrovnik) <u>a</u> -Nicosia-Beirut	1F732	1	TU-134
East Berlin-Cairo	1F/MS740	1	IL-62
East Berlin-Damascus-Baghdad	1F750	1	IL-62
East Berlin-Nicosia-Damascus	1F752	1	IL-62
East Berlin-Budapest-Algiers-Bamako-Freetown-Conakry	1F760	1	IL-18
East Berlin-Belgrade-Algiers-Freetown-Conakry	1F770	1	IL-18
East Berlin-Cairo-Khartoum	1F780	1	IL-18
East Berlin-Vienna	1F810	6	TU-134

a. Technical landing in Dubrovnik only.

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SECRET**Table 3****Interflug: Schedule of Domestic Flights
Summer 1971**

<u>Route</u>	<u>Trip Number</u>	<u>Flights per week</u>	<u>Type of Aircraft</u>
East Berlin-Barth	1F041	6	AN-24
East Berlin-Barth	1F043	6	AN-24
East Berlin-Barth	1F045	5	AN-24
East Berlin-Erfurt	1F051	5	AN-24
East Berlin-Erfurt	1F053	6	AN-24
East Berlin-Erfurt	1F055	5	AN-24
Barth-Dresden	1F122	6	AN-24
Barth-Dresden	1F124	6	AN-24
Barth-Dresden	1F126	1	AN-24
Barth-Leipzig	1F142	6	AN-24
Barth-Leipzig	1F144	6	AN-24
Barth-Leipzig	1F146	6	AN-24
Barth-Leipzig	1F148	5	AN-24
Barth-Erfurt	1F171	6	AN-24

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have been concluded even when the participating country did not recognize the East German government. In some cases, these agreements were followed several years later by formal recognition. In other cases, there has still been no recognition.

14. East Germany's first bilateral air agreements were signed with the USSR and the East European Communist countries (except Albania and Yugoslavia) between 1954 and 1956. The agreements with Bulgaria, Czechoslovakia, Hungary, Poland, and Romania were apparently superseded by a multilateral arrangement concluded in June 1957. This is the "Six Pool Agreement", by which the airlines of these countries pool their revenues on reciprocal services and exchange support services such as aircraft maintenance and training of pilots and ground crews. Bilateral air agreements were also signed with Cuba in August 1967 and North Vietnam in October 1968, but no civil air service has resulted from the agreements.

15. East Germany's first air agreement with a non-Warsaw Pact country was made with Yugoslavia in 1960 and the next with the UAR in 1965 (see Table 4). The latter was signed by the deputy ministers of transportation of the two countries and preceded by four years the establishment of full diplomatic relations. During the ensuing six years, bilateral agreements were signed with eight other countries in the Middle East and Africa. In a few instances, East Germany has used agreements between Interflug and an airline of the participating country in order to establish air service. Scheduled service to Cyprus was inaugurated in 1964 under such an interairline agreement, which was given official sanction by a provisional permit issued to Interflug by the government of Cyprus.

16. The best known interairline agreement is the one concluded by Interflug and Austrian Airlines in September 1970. This was Interflug's first civil air arrangement with a West European airline. The agreement, which allows Vienna-East Berlin service by both airlines, culminated several years of negotiation. In response to charges that the agreement was politically motivated, Austrian Airlines stated that the agreement gave it valuable beyond rights to Scandinavian countries. Interflug followed up this coup with an interairline agreement with KLM, under which KLM stops once a week in East Berlin on its Amsterdam-Moscow flight if the number of East Berlin passengers is considered sufficient. Fifth freedom rights were not granted between East Berlin and Moscow. KLM must reimburse Interflug for traffic losses on the East Berlin-Prague route because persons flying from East Berlin to Amsterdam previously had to fly Interflug to Prague, then take another airline to Amsterdam. There is no provision in the agreement with KLM for Interflug to fly to Amsterdam. The motivation for Interflug to enter into such an agreement appears to be almost solely political.

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Table 4

Civil Air Agreements of Interflug
 or the East German Government
 with Free World Countries, including Cuba
 and Yugoslavia
 Mid-1971

<u>Countries</u>	<u>Date</u>
Algeria	1966
Austria	1970 <u>a/</u>
Cuba	1967
Cyprus	1971 <u>b/</u>
Guinea	1966
Iraq	1966
Lebanon	1966 <u>c/</u>
Mali	1966
Netherlands	1971 <u>d/</u>
Sierra Leone	1969
Sudan	1968
Syria	1965
Tanzania	1970 <u>e/</u>
United Arab Republic	1965
Yugoslavia	1960

a. Interairline agreement.

b. Replaced a provisional license first granted in 1964.

c. Special arrangements.

d. Interairline agreement which provides for service to East Berlin by KLM without reciprocal service by Interflug.

e. Agreement between Interflug and the government of Tanzania.

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17. In East Africa, Interflug apparently has been negotiating directly with Tanzania, Uganda, and Kenya. Protracted negotiations with Tanzania apparently were successful, and a route to Dar es Salaam was scheduled to begin in April 1971. Uganda reportedly gave landing rights to Interflug in Entebbe on flights to Dar es Salaam. However, the inauguration of this service seems to have been postponed. Kenya has rejected East Germany's civil air overtures.

18. East Germany's anomalous international status has prevented it from joining any international civil aviation organizations except for the Six Pool Agreement of Communist Eastern Europe. East Germany does send observers to selected meetings of the International Civil Aviation Organization (ICAO) and other international aviation organizations. Interflug is not a member of the International Airline Transport Association (IATA), presumably because it does not choose to join.

Aircraft Inventory

19. Interflug's transport aircraft are all of Soviet manufacture. The aging IL-18, a four-engine turboprop transport, is used on 98 of Interflug's international flights. The TU-134 medium-range jet is used on 14 flights -- to Vienna, Nicosia, Beirut, and Bucharest. The IL-62 long-range jet makes 10 flights -- daily to Moscow and weekly to Baghdad, Cairo, and Damascus. All domestic flights use the AN-24 two-engine turboprop. The current inventory includes the following:

<u>Aircraft</u>	<u>Number of Units</u>
AN-24	6
IL-14	2
IL-18	11
TU-134	4
IL-62	3 <u>a/</u>

a. One more is on order -- scheduled for delivery in 1972.

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20. Interflug also operates a mixed fleet of approximately 80 utility aircraft - Czech L-60 Brigadys, Czech Z-34 Bumblebees, and Soviet AN-2s - which are used in agricultural service, VIP flights, and an assortment of civil air activities in East Germany. Routine maintenance is performed at Schoenefeld, and major overhaul of transport aircraft engines is done in the USSR. Shortages of spare parts, which must be obtained in the Soviet Union, often delay flights. In case of an emergency, however, Interflug may borrow parts from other members of the Six Pool Agreement.

Personnel

21. Interflug employs an estimated 3,500 personnel, including some 150 pilots and co-pilots and 500 maintenance or shop technicians for the multi-engine transports. About 350 of the airline's employees are assigned to utility aircraft. Flight training is available to youths through the government-sponsored paramilitary training association, Society for Sports and Technology (GST). Interflug recruits most of its pilots from the East German Air Force and the aeroclubs associated with the GST. Additional training is given at a small civil aviation academy at Schoenefeld. Interflug pilots and flight engineers are often given transitional training in the Soviet Union when new types of aircraft such as IL-62s are acquired by the airline.

Passenger Volume

22. Interflug carried more than 840,000 passengers in domestic and international traffic in 1970, more than three times the number in 1960 and 4% more than in 1969 (see Table 5). Almost 660,000 persons were carried on international routes in 1970 - nearly seven times the level of 1960 and about four fifths of all passengers carried. Most of the passengers on international flights are on official business; few are tourists.

23. Domestic passenger traffic has increased almost every year since 1960. In 1970, however, traffic declined nearly 30% from 1969 principally because of the discontinuance of the East Berlin-Dresden and Dresden-Erfurt routes. Improved rail service was given as the reason for cancellation of these flights.

24. The intra-Communist route network generates about 90% of the total passengers carried on Interflug's international flights. Passenger load factors on these routes range from 50% to 70% of capacity. In contrast, load factors on routes to Free World countries such as Egypt and Sudan average about 40%, fall to about 35% on routes to other countries in the Near and Middle East, and sink to 25% on the West African service. Interflug has maintained an enviable safety record. It is the only Communist airline that apparently has had no fatal accidents on its international service.

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Table 5

Interflug: Passenger Volumes a/

	Thousand					Percentage Change	
	1960	1965	1968	1969	1970	1970/1960	1970/1969
Total passengers	256	419	719	810	842	229	4
Domestic	158	163	248	253	183	16	-28
International	98	256	471	556	659	572	19
<hr/>							
	Million						
	165	373	730	843	947	474	12
Total passenger kilometers	40	45	69	70	55	38	-21
Domestic	125	329	661	772	892	614	16
International							

a. Because of rounding, components may not add to the totals shown.

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Interflug's International Performance Plan

25. Interflug performs under an annual government-directed plan for overall operations - domestic and international. Annual targets are incorporated within East Germany's five-year plan. Interflug's international service has consistently lost money during the past several years, particularly on its few flights to Free World countries. Indeed in 1968 and 1969 the foreign exchange plans for the airline called for expenditures twice as high as income.

Foreign Airlines Serving East Germany

26. Interflug supplies about 60% of the international civil air service available to East Germany. Ten foreign airlines - four Free World and six Communist - also provide scheduled service to East Germany. Airlines of Warsaw Pact countries account for 70 of the 78 foreign flights per week, 66 of which go to East Berlin. Aeroflot operates 30 flights per week to Schoenefeld - 21 from Moscow, 5 from Leningrad, and 4 from Kiev. The East European Communist airlines - Bulgaria's Balkan, Czechoslovakia's CSA, Hungary's MALEV, Poland's LOT, and Romania's TAROM -- operate a total of 36 flights per week linking East Berlin with their respective capitals. Although this intra-Communist route network was essentially completed by the early 1960s, the frequency of service has been steadily expanded since that time.

27. Four other airlines presently serve East Germany - the UAR's United Arab Airlines (UAA), Iraqi Airways, Yugoslavia's JAT, and the Royal Dutch Airlines (KLM). The beginning of KLM service marked the first regular service to Schoenefeld by a West European airline since the airport was opened. Austrian Airlines has not yet exercised its rights to fly to East Berlin.

28. In addition to these international civil air services, charter services by foreign airlines from and to East Germany are regularly expanded for the Leipzig Fair held in the spring and fall. In the spring of 1971, Leipzig was served by ten Free World airlines, including those from France, Italy, the Netherlands, the Scandinavian countries, and Switzerland in addition to the many charter flights to Western Europe provided by Interflug.

Berlin: East and West

29. Rapid expansion of traffic to East Berlin, coupled with the Interflug agreements with Austrian Airlines and KLM, has disturbed West German authorities and the Allied powers. In the past, the growth of traffic

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at Schoenefeld was not considered a threat to West Berlin either economically or politically. Indeed, any additional means of access to West Berlin was welcomed.

30. However, traffic at Schoenefeld has increased from 650,000 passengers in 1966 to about 1,300,000 in 1970. Some 180,000 of these passengers passed through the Waltersdorfer Chausee to West Berlin. Although many of these border-crossers were flying to Eastern Europe, at least some of them were using Schoenefeld instead of West Berlin airports to fly to Western Europe.

31. Moreover, Schoenefeld is undergoing an expansion that will give it all the facilities necessary for a major international airport. This expansion, which is now scheduled for completion in 1975, includes a new terminal building with a reported capacity of 10 million passengers per year and one additional runway.

32. Any such threat to West Berlin is well in the future. In contrast to the 1.3 million passengers handled by Schoenefeld in 1970, the West Berlin airports — Tempelhof and Tegel — during the same period handled together more than 5 million passengers.

33. Unlike the West Berlin authorities, the airlines of Western Europe that are presently denied access to West Berlin airports view Schoenefeld's development with relish. They see in this airport an opportunity to share in the lush traffic to West Berlin and perhaps to benefit from the future growth of commercial intercourse between East Germany and Western Europe. They are currently using the threat of service to Schoenefeld to persuade the Allied powers to let them land in West Berlin. The United States has been receptive to additional Western airlines gaining access to West Berlin, but the other Allied powers, particularly Great Britain, are anxious to protect their own airlines from added competition. Knowing that rights to land at West Berlin are meaningless without the permission of East Germany to overfly its territory en route to Berlin, the Allied powers have temporarily gotten off the hook by suggesting that in their discussions with Interflug for service to Schoenefeld, the negotiating airlines ask also for the right to overfly East Germany en route to West Berlin.

34. Another aspect of Schoenefeld's potential is its position as a north-south hub, either as a transfer point (including to West Berlin) or as a stopover for traffic between Scandinavian countries and Austria and Italy. This is evidenced by the recent discussions between Interflug and two airlines to the north — Scandinavian Airlines System (SAS) and Finnair. The SAS-Interflug dialogue concerned flights between Copenhagen and East Berlin and has progressed from informal to formal discussions. In accordance

with the suggestion of the Allied powers, SAS has also asked for East German overflight rights to West Berlin. Although there are various problems which still have to be worked out, the East Germans are confident that flights between East Berlin and Copenhagen will begin soon. The overflight rights to West Berlin will almost certainly be more difficult for SAS to attain. The negotiations between Interflug and Finnair have been going on for more than a year. Finnair representatives had indicated earlier this year that flights between Helsinki and East Berlin might begin this summer. These plans reportedly have been suspended, possibly because Finnair feared the loss of potential traffic rights in West Germany. There are reports also that Interflug discussions with Alitalia are in the offing.

Conclusions

35. Interflug is one of the more important Warsaw Pact airlines insofar as intra-Communist service is concerned, but its service to the Free World is extremely limited and certainly uneconomic. The East German regime, however, views Interflug's Free World service more as an instrument in the struggle for international recognition than as a revenue producer.

36. East Berlin's Schoenesfeld Airport, the hub of Interflug's service and a potentially important air crossroads, is the most significant factor in the growth of civil aviation service in East Germany, and of Interflug in particular. The continuing limitation of Berlin's western air corridors to airlines of the Allied powers has spurred the interest of those West European airlines that cannot use these corridors in establishing service to East Berlin. This interest, coupled with an improved political climate, has resulted in the recent interairline agreement between Austrian Airlines and Interflug and in the even more recent inauguration of a KLM stop in East Berlin.

37. Schoenesfeld will continue to increase in importance as contacts between East Germany and Western Europe expand, and also will share in the growth of traffic to West Berlin. Fears that Schoenesfeld will siphon off substantial amounts of traffic from the airports of West Berlin, however, appear to be exaggerated. The traffic potential of any service between Western Europe and East Berlin probably is limited. The traffic potential is much greater in West Berlin, and the airlines of the non-Allied powers, such as KLM and Sabena, would much prefer to share in this traffic by flying to West Berlin rather than to East Berlin. If they fail in this desire and are limited to landing at Schoenesfeld, they will face the prospect of low load factors.

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38. In any event, Interflug's continued growth looks promising. It should participate in the expansion of air passenger traffic in Eastern Europe, and its already low load factors on routes to the Middle East and Africa are unlikely to sink any further. In fact, these routes are likely to be extended by the addition of stops in Kuwait, Libya, Senegal, and Tanzania. Interflug would be unlikely to fill these planes with passengers, but they will serve to carry diplomatic mail, high-value cargo, and East German technicians. In addition, the scheduled delivery of one additional IL-62 in 1972 would facilitate long-range flights into Asia, possibly the extension of the Baghdad route to Pakistan, India, or Ceylon. Any inauguration of service to Cuba or North Vietnam in pursuance of existing air agreements would require the securing of additional overflight rights from intermediate countries.

39. Interflug seems likely also to achieve some expansion to the West. Its recent agreement with KLM and its current or pending negotiations with other Western airlines will probably result in reciprocal service by Interflug to Amsterdam, Copenhagen, Helsinki, or Rome within the next two or three years. However, Interflug would need to replace its aging IL-18 turboprops with new jets in order to compete with any degree of success with West European airlines.

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